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2.3 Determination of the unit cost of the supported training actions for farmers

Rationale

Under the CAP 2023-2027, the support of the variety of types of interventions, (art.83 of EU Reg. 2021/2115), may take the form of unit costs, among the others. This is the option that the Managing Authority of the CAP strategic plan of Hungary took on board for the implementation of training actions for farmers.

According to applicable regulation, the amounts for the unit costs shall be established in one of the following ways:

- (a) a fair, equitable, and verifiable calculation method based on:
 - (i) statistical data, other objective information, or an expert judgment,
 - (ii) verified historical data of beneficiaries; or
 - (iii) the application of usual cost accounting practices of beneficiaries.
- (b) draft budgets established on a case-by-case basis and agreed on ex-ante by the body selecting the operation in the case of interventions in the wine and apiculture sectors or the body approving the operational programs referred to in Article 50 in the case of interventions in the other eligible sectors;
- (c) in accordance with the rules for the application of corresponding unit costs, lump sums, and flat rates applicable in Union policies for a similar type of intervention;
- (d) in accordance with the rules for the application of corresponding unit costs, lump sums, and flat rates applied under support schemes funded entirely by the Member State for a similar type of intervention.



Keywords

Simplification, Standard costs



Potential users

Managing authorities of the CAP strategic Plans, Paying agencies, auditors and certifying bodies, Partners of OGs, Advisors, Innovations brokers



Country

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Accordingly, the Managing Authority had the necessity to determine the unit cost of reference for training interventions.

Solution

The solution adopted refers to the verified historical data of the beneficiaries (option a) ii)) collected for the Agri-food and preparatory training interventions that were funded under the Rural Development Programme 2014-2020.

In practice..

In view to determine reliable unit costs, the identified solution applied a four-step approach:

1. Identification of the different types of training courses and the respective costs

On the basis of the experience of the previous financial period, the unit costs of four different types of training have been determined for the period 2023-2027, as their cost structure (e.g. depending on the length of the training material, the ratio of practical and theoretical hours, the number of organizational cost items) varies considerably. The following types of training are considered separately, taking into account both the current legal and regulatory environment and the expected needs of the final beneficiaries (e.g. farmers):

- vocational training: courses that are longer than of 280 hours on average. Generally, these types of training courses vary in length (e.g. beekeeping, global farming);
- other training: courses that are of 24 hours duration. These courses cover different priority topics such as young farmer training, producer groups, precision, innovative horticultural technologies, and entrepreneurial knowledge;
- official training: courses that are of 80 hours duration. This includes the 80-hour plant protection course and the agricultural tractor driver training;
- compulsory training: courses that are of 8 hours duration based on the obligations of the CAP Strategic Plan under the various interventions (e.g. agri-environment, eco-management, forest-environment, producer groups, young farmers, etc.).

2. Definition of eligible costs

The costs cover mainly staff costs (including coordination, instructors, and examiners), but also the preparation of didactical materials and the renting of rooms.

Overall, the following types of costs have been considered in determining the unit cost:

<p>- Direct training costs:</p> <ul style="list-style-type: none"> • writing and proofreading of course materials • copying • training of trainers • hourly rates for trainers • catering • room renting 	<p>- Organizational costs of courses and training:</p> <ul style="list-style-type: none"> • IT system development • project management salary costs • staff costs of local/county coordinators • cost of customer service • telecommunications costs • operational costs (legal, procurement, data protection, finance) • overheads • reimbursement of car expenses • IT equipment
<p>- Examination costs:</p> <ul style="list-style-type: none"> • examiners' fees, • room hire cost 	

3. Determination of costs per capita for each type of training course

For each type of training, the training organizations supported by the Rural Development Programme 2014-2020 have determined the average hourly rates, specific organization and examination fees, and cost items used in their practice, which have been sum-up¹. For examination fees, current market (or statutory) fees were considered. Based on the data collected, the per capita costs of the types of training supported are as follows:

Table 1 Cost per capita of subsidized training

Type of training	Number of hours per training	Direct cost of the training (EUR/person)	Organization costs (EUR/person)	Cost of examinations (EUR/person)	Total cost of the training (EUR/person)
Vocational training	280	921	205	466	1592
Other training	24	145	123	11	279
Official training	80	263	178	82	523
Compulsory training	8	26	96	11	133

Note: Data are based on reports of training bodies supported by the Hungarian RDP 2014-2020

4. Calculation of the unit costs per hour by type of training

For each type of training, the unit costs per hour are based on the number of participants planned in previous years, the total number of hours, and the total cost per person of the training

Table 2 Estimated unit costs per hour by type of training

Type of training	Planned n. of participants in training courses (A)	Total cost of training* (EUR) (B)	Total n. of hours of training (C)	Unit cost per hour of training EUR/hour/person (B)/(C)
Vocational training	2,505	3,987,411	701,400	5.7
Other training	6,350	1,771,041	152,400	11.6
Official training	7,100	3,715,342	568,000	6.5
Compulsory training	31,730	4,224,871	253,840	16.6
Total	47,685	13,698,666	1,675,640	8.2

**Total training cost per person x number of participants planned.*

Note: The exchange rate used is HUF 365/EUR

The calculations thus show that the overall average unit cost of the subsidized training is therefore EUR 8.2/hour.

Practical implications for replicability

- Under the CAP Regulation 2023-2027 the adoption of standard cost has been further simplified. In the case of measures that include some form of training, the input may be the unit cost.
- Availability/Preliminary calculation of unit costs already reported for the different types of training courses realized during the previous programming period.
- The average unit cost of the overall intervention could only be determined if the monitoring system reports the data on the number of hours planned for the four types of training.

Benefits

- The methodology can be put in use to estimate budgets for training interventions-types
- Evidence-based methodology for the determination of standard cost allows the best approximation to real costs of training courses.
- Administrative simplification due to the reduced use of probative documentation and time to spend on budgeting
- Incentivization for training organizations to give supported training for beneficiaries.

Further information

- [Hungary CAP Strategic Plan 2023-2027, Ministry of Agriculture \(HU\)](#)

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